

Submitted by Mhoolenaar

4. UNION WORK

The parties understand and agree that each contractor and subcontractor at all tiers of this project shall, prior to beginning work on the project, become signatory parties to the respective current collective bargaining agreements of the appropriate Local Unions of the Washtenaw County Skilled Building Trades Council.

CONTRACT DOCUMENTS
FOR

CATHERINE STREET WATER MAIN REPLACEMENT PROJECT



March, 2011

FILE NO. 2007.080
BID NO. ITB - 4130A
DWRF NO. 7333-01

PROJECT MANAGEMENT UNIT

CITY OF ANN ARBOR
100 North Fifth Avenue
Ann Arbor, Michigan 48104

MEMORANDUM OF UNDERSTANDING

1. WORK DISPUTES

In return for the promise made in paragraph (3) below, the parties agree that there will be no strike, work stoppage or lock-out for the duration of this Memorandum. Any jurisdictional dispute shall be resolved through normal procedures.

There will be a job conference with all contractors and sub-contractors prior to starting work.

2. COFFEE BREAKS

There shall be no organized coffee breaks.

3. PAYMENT OF FRINGES

Any Union having a claim against a contractor or subcontractor for unpaid wages and/or fringe benefits for work performed on the project shall give written notice of such claim to such contractor or subcontractor (with a copy of the notice to the Construction Manager or General Contractor) within three (3) business days after such claim has become known. Upon receipt of such written notice, the Construction Manager or General Contractor involved shall withhold an amount equal to the claim from the next disbursement payable to the contractor, pending resolution of the dispute satisfactory to the Construction Manager or General Contractor. In the event of any such dispute, the Union agrees to use its best efforts to pursue any legal remedies available, including litigation by Fund Trustees. It is understood that the intent to this section is to accomplish prompt and effective resolution of any disputes between the Union and any contractor or subcontractor over payment of wages and fringes.

4. UNION WORK

The parties understand and agree that each contractor and subcontractor at all tiers of this project shall, prior to beginning work on the project, become signatory parties to the respective current collective bargaining agreements of the appropriate Local Unions of the Washtenaw County Skilled Building Trades Council.

(Contractor, Owner or Construction Manager)

(Representative of Washtenaw County Skilled
Building Trades Council)

(Project Description)

(Date)

THIS MEMORANDUM APPLIES ONLY TO THE PROJECT AND/OR CONSTRUCTION ABOVE DESCRIBED.

WHITE — Union Copy
GREEN — Contractor or Construction Manager Copy
CANARY — Owner Copy
PINK — CUB Copy
GOLD — Project Copy

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OPINIONS

OUR EDITORIAL

Fair bids

*Public building projects should
be awarded solely on price and quality*

For years, Michigan has required construction firms working on public projects to pay what are called "prevailing wages" — which essentially means union wages in large parts of the state. Increasingly, local governments and educational institutions have adopted a prevailing wage-on-steroids approach called "project labor agreements," which tilt the field even more toward unionized construction firms. The practice should stop.

A project labor agreement requires that any firm accepting work on a particular publicly-funded construction project must agree to comply for the duration of the project with the collective bargaining agreements of the appropriate local of a construction union.

The trade association for builders and contractors contends that this means, for nonunion firms, that their workers have to pay fees to the relevant union and the builders have to observe labor contract provisions they never negotiated.

As a consequence, the association's president, Chris Fisher, argues, many nonunion firms do not even bid for the work.

Some academics contend that the project labor agreements do not really drive up construction costs. Others have made the same arguments about the prevailing wage law.

But as long ago as 1979, the federal General Accounting Office, the precursor to the current Governmental Accountability Office, the auditing arm of Congress, argued for the abolition of the federal equivalent of the Michigan prevailing wage law, the Davis-Bacon Act, because of its wastefulness.

Ohio University economist Richard Vedder, in a study for the Mackinac Center more than a decade ago, noted that Michigan's prevailing wage law was suspended for three years during the 1990s during an unsuccessful court

challenge. During that time, several school districts sold bonds to cover the cost of construction projects to be built at market costs. When the law was reinstated, he noted, the state Legislature had to appropriate \$20 million to the school districts to cover the additional costs of their bonds.

The contractors association says that some state universities, community colleges and local units of government are requiring their capital project bidders to enter into these project labor agreements as a requisite for making a bid. The quid pro quo for such an agreement is that the union agrees not to strike. But in an economy with a 13 percent unemployment rate, striking on the public's dime ought to be grounds for immediately abrogating a contract.

If local governments that receive revenue-sharing or float bonds through the state or state-funded universities want to engage in a building project, they ought to seek the best work at the best price — whether from a unionized firm or a nonunion firm. There should be no favoritism either way.

When Rick Snyder becomes governor, he ought to handle the issue with an executive order. The new Legislature can then craft legislation that states that public construction projects are to be with an eye to the needs of all taxpayers.

Break the barriers

State regulations that throttle economic growth should be dumped or reformed.

Gov. Rick Snyder put his finger on one of the state's biggest obstacles to attracting job creators when he was running for office: "Our government is an impediment" to firms seeking to invest or expand here, he said. The new governor has identified the problem. Now he has to fix it.

There are not only too many regulations on the books, but, as Snyder himself noted in an interview last summer, regulators are "going beyond what the written regulations are and they're slowing people down and they're leaving projects when people are complying and that's just wrong."

Amnen. Doug Roberts Jr., director of environmental and energy policy for the Michigan Chamber of Commerce, says the new administration must "change the adversarial culture" of state regulators as they deal with new or expanding firms.

It ought to be common sense that you attract more business with a welcome mat than with a bad attitude.

Specific policy changes will convey that Michigan is no longer hostile to job creation.

The most urgent area for reform is environmental regulations. Businesses face a nightmareish permitting process that delays investment and often results in driving investors to other states.

Russ Harding of the Mackinac Center, a free-market think tank, who served as director of the Department of Environmental Quality under former Gov. John Engler, offers a blueprint for reform.

Permits should be authorized by a single agency within 90 days, if not sooner, he says.



Snyder



Harding

Burdened by over-regulation

Michigan's full-time Legislature remains busy imposing new licensure rules on small business owners.

Number of licensed occupations by state

Rank	State	Licensed occupations
Top ten		
1.	California	177
2.	Connecticut	155
3.	Maine	134
4.	New Hampshire	130
5.	Arkansas	128
6.	Michigan	116
7.	Rhode Island	116
8.	New Jersey	114
9.	Wisconsin	111
10.	Tennessee	110
Bottom ten		
41.	Colorado	69
42.	North Dakota	69
43.	Mississippi	68
44.	Hawaii	64
45.	Pennsylvania	62
46.	Idaho	61
47.	South Carolina	60
48.	Kansas	60
49.	Washington	53
50.	Missouri	41

Source: Reason Foundation, 2007 data, the most recent available

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And businesses should be given a firm guarantee that permits that meet qualifications will be approved in that time frame.

Lawmakers also need to dump state regulations on environmental cleanup for contaminated property. A once-clear set of rules has been distorted by bureaucratic changes, making them a barrier to reclaiming the land, Harding argues.

The federal rules on cleanup are now better and clearer, and should replace state guidelines.

The administration needs to revise its rules on energy to make sure they don't choke off growth.

Current law will require Michigan to generate 10 percent of its electrical power from renewable fuels such as wind or solar by 2015.

Fortunately, lawmakers built in off-ramps to ease the mandates if they work to drive up energy costs, or aren't technically possible to meet.

Snyder should work hard to keep electricity prices competitive in Michigan. One way he can do that is to clear the way for proposed new coal plants that have been blocked by state regulators.

Another priority for the new administration should be wiping away laws written at the direction of labor unions.

Currently, firms working on public construction projects must pay employees the so-called "prevailing wage," which essentially means union pay.

There's no taxpayer interest in having the state or local communities or school districts pay more than necessary for their capital

projects.

Nor is there a public interest in locking out non-union construction firms from bidding for these projects.

Local governments are increasingly employing "project labor agreements" requiring construction firms to abide by the entire collective bargaining agreement of the relevant local construction union — whether or not it is a union operation.

Again, taxpayers aren't served at all by these policies. Many non-union firms simply won't bid on the work.

There should be no discrimination against non-union firms doing business with the state. They should compete solely on price and quality to provide the best deal for the taxpayers.

Snyder also must tear down the barriers to entry that exist for so many occupations.

A 2007 study by the Reason Foundation found that Michigan was among the top 10 states in requiring licenses for conducting business.

Obviously, public health and safety has to be considered, but do natural hair culturists, also known as hair braiders, need extensive state monitoring and licensing?

The challenge for Snyder is to make it easy to do business in Michigan.

Requiring every regulation to be weighed for its impact on job creation should become standard practice in Lansing.

The idea is to attract jobs to Michigan, not keep them out with a wall of onerous regulations.



Come back all this week for editorials exploring the issues facing Michigan and its new governor, Rick Snyder.

Monday: Spending

Tuesday: Education

Wednesday: Taxes

Today: Regulations

Friday: Consolidation